

Annual Report of

**Matachewan Consolidated Mines,
Limited**



For the Year Ended December 31, 1979

ANNUAL MEETING MAY 26, 1980

Matachewan Consolidated Mines, Limited

DIRECTORS

PAUL H. McCLOSKEY
H. P. McCLOSKEY
A. D. HELLENS
D. W. FALCONER
R. DUNCAN McCLOSKEY

OFFICERS

President PAUL H. McCLOSKEY
Vice-President H. P. McCLOSKEY
Secretary R. D. McCLOSKEY
Treasurer S. CZARNECKI

TRANSFER AGENT AND REGISTRAR

CROWN TRUST COMPANY, Toronto, Ontario

AUDITORS

JARRETT, GOOLD & ELLIOTT

HEAD OFFICE

Room 800, 11 Adelaide St. West, Toronto, Ont. M5H 1L9

The Annual Meeting of the Shareholders of the Company will be held in the York Room, Royal York Hotel, Toronto, Ontario, on Monday, May 26, 1980, at the hour of 10:00 o'clock in the morning (Toronto Time).

Matachewan Consolidated Mines, Limited

Directors' Report

TO THE SHAREHOLDERS:

Your Directors submit the Annual Report including the Auditors' financial statement covering the year ended December 31, 1979.

Net earnings rose by \$27,740 from \$12,418 in 1978 to \$40,158 in 1979.

Working capital at December 31, 1979, was \$320,210 compared to \$355,052 in 1978, a decrease of \$34,842 due in part to the Oil and Gas exploration interest.

Two significant changes occurred during the year affecting the affairs of the Company. First, the Company entered into an agreement with Pamour Porcupine Mines Limited involving the leasing of the original Matachewan Consolidated Mines, Limited mining property. Mining operations were commenced at the property in mid 1979. At the time of writing Matachewan have received a \$9,734 royalty payment from Pamour representing one quarterly payment for July, August and September 1979. Royalty payment for the second quarter—October, November and December 1979, of \$27,263 was received February 1980 and will be in the current year's business. Total royalty payments to date are \$36,997. Second, Matachewan have become involved, in a modest way, in Oil and Gas joint venture exploration in Western Canada. Total commitment by Matachewan to date has been \$107,500.

The agreement with Texasgulf involving the McVicar Crown Grants is in good standing with no significant results to report.

All other properties were maintained during the year.

On behalf of the Board,

P. H. McCloskey,
President.

Toronto, Ontario,
April 14, 1980.

Matachewan Consolidated

(Incorporated under the laws of the Province of Ontario)

Balance Sheet

DECEMBER 31

1979

1978

ASSETS

CURRENT ASSETS

Cash	\$ 4,520	\$ 2,049
Marketable securities	361,770	360,544
(Market value \$614,449; 1978 \$314,081)		

	<u>366,290</u>	<u>362,593</u>
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OIL AND GAS INTERESTS	75,000	
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MINING PROPERTIES	23,312	23,312
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PROPERTY AND EQUIPMENT	<u>1</u>	<u>1</u>
	<u>\$ 464,603</u>	<u>\$ 385,906</u>

AUDITOR'S REPORT

To the Shareholders,
Matachewan Consolidated Mines Limited.

We have examined the balance sheet of Matachewan Consolidated Mines Limited as at December 31, 1979, and the earnings and deficit and changes in financial position for the year ended December 31, 1979, in accordance with the accepted auditing standards, and accordingly included such tests and procedures as we considered necessary.

In our opinion, these financial statements present fairly the financial position of Matachewan Consolidated Mines Limited as at December 31, 1979, and the results of its operations and the changes in its financial position for the year ended December 31, 1979, on a basis consistent with that of the preceding year.

Toronto, Ontario,
January 24, 1980.

ated Mines, Limited

(Incorporated under the laws of Ontario)

Sheet

31, 1979

1979

1978

LIABILITIES

CURRENT LIABILITIES

Bank loan (note 3)	\$ 20,000	\$
Accounts payable	7,147	650
Loan payable	18,933	6,891
	<u>46,080</u>	<u>7,541</u>

SHAREHOLDERS' EQUITY

SHARE CAPITAL

Authorized		
7,000,000 common shares of no par value		
Issued		
5,923,250 shares	1,179,433	1,179,433

DEFICIT	760,910	801,068
	<u>418,523</u>	<u>378,365</u>
	<u>\$ 464,603</u>	<u>\$ 385,906</u>

APPROVED BY THE BOARD:

P. H. McCloskey, Director

R. D. McCloskey, Director

REPORT

ated Mines Limited as at December 31, 1979 and the statements of
n ended. Our examination was made in accordance with generally
er procedures as we considered necessary in the circumstances.

al position of the Company as at December 31, 1979 and the results
n ended in accordance with generally accepted accounting principles

JARRETT, GOOLD & ELLIOTT
Chartered Accountants

Matachewan Consolidated Mines, Limited

Statement of Earnings and Deficit

FOR THE YEAR ENDED DECEMBER 31, 1979

	1979	1978
REVENUE		
Investment income	\$ 17,998	\$ 18,477
Gain on sale of marketable securities	24,890	
Royalty income	9,735	
Miscellaneous income	<u>3,242</u>	<u>5,000</u>
	55,865	23,477
EXPENSE		
Audit and legal	1,945	1,001
Office	6,541	6,892
Licence and taxes	4,473	3,166
Interest	<u>2,748</u>	
	15,707	11,059
NET EARNINGS	40,158	12,418
DEFICIT, beginning of year	<u>801,068</u>	<u>813,486</u>
DEFICIT, end of year	<u>\$ 760,910</u>	<u>\$ 801,068</u>

Matachewan Consolidated Mines, Limited

Statement of Changes in Financial Position

FOR THE YEAR ENDED DECEMBER 31, 1979

	1979	1978
SOURCE OF WORKING CAPITAL		
Operations		
Net earnings	\$ 40,158	\$ 12,418
APPLICATION OF WORKING CAPITAL		
Acquisition cost of oil and gas interests	75,000	
Acquisition cost of mining claims		2,401
	<u>75,000</u>	<u>2,401</u>
INCREASE (DECREASE) IN WORKING CAPITAL	(34,842)	10,017
WORKING CAPITAL, BEGINNING OF YEAR	<u>355,052</u>	<u>345,035</u>
WORKING CAPITAL, END OF YEAR	<u>\$ 320,210</u>	<u>\$ 355,052</u>
REPRESENTED BY:		
Current assets	\$ 366,290	\$ 362,593
Current liabilities	<u>46,080</u>	<u>7,541</u>
	<u>\$ 320,210</u>	<u>\$ 355,052</u>

Matachewan Consolidated Mines, Limited

Notes to Financial Statements

DECEMBER 31, 1979

1. Significant accounting policies

(a) Marketable securities

Marketable securities are carried at cost.

(b) Foreign currency translation

Assets and liabilities in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the balance sheet date for current items and at exchange rates in effect at the transaction dates for non-current assets and liabilities. Income and expenses are translated at average rates prevailing during the year.

(c) Mining properties

Expenditures on mineral exploration programmes are deferred on a specific project basis until the viability of the project is determined. If a project is abandoned, accumulated project costs are written off to deficit. If a project is developed, the related accumulated costs will be amortized against future income from that project.

(d) Oil and gas interests

The Company defers the cost of its oil and gas interests and carries them as an asset until the results of the projects are known. If a project is successful the related expenditure is amortized over a period of years, pro rata to anticipated income. If the project is unsuccessful the expenditure is written off.

(e) Property and equipment

Property and equipment are no longer used for operations and are carried at a nominal value.

2. Bank loan

The bank loan is payable on demand and is secured by pledge of specific marketable securities.

3. Values

The amounts shown for mining properties, oil and gas interests and deferred exploration expenditure represent costs to date less amounts written off and do not necessarily reflect present or future values.

4. Prior year's financial statements

The 1978 financial statements were examined and reported on by other auditors.